

LOAN INFORMATION FOR PARENT BORROWERS
Federal PLUS Loans

1. Federal PLUS loans allow parents with **good credit histories** to borrow for the purpose of paying for their dependent children's education. Lenders are required by federal regulations to **deny** loan approval to parent borrowers with adverse credit histories.

"Adverse credit" is defined as delinquency of 90 or more days on outstanding debts, or **within the last 5 years** a history of:

- | | |
|--|---------------------------------------|
| a. Collection account | h. County, state, or federal tax lien |
| b. Charge-off | i. Credit line involuntarily closed |
| c. Repossession | j. Foreclosure or proceedings |
| d. Wage garnishment | k. Lease contract ended by default |
| e. Chapter 7, 11, 12, or 13 bankruptcy | l. Defaulted student loan |
| f. Voluntary surrender | m. Deed in lieu of foreclosure |
| g. Government claim on secured real estate | |

2. If a Federal PLUS loan is **denied** by a lender, the parent borrower should recognize that there may be **limited financial aid resources** available through the school for refinancing. A denial can, therefore, jeopardize a student's continued enrollment in school.
3. When the loan is approved, the borrower will receive a Notice of Loan Guarantee and Disclosure Statement which identifies loan amounts, fee amounts, disbursement dates, interest rate, due dates, and late charges.
4. A Federal PLUS borrower generally must make the first payment upon the final loan disbursement of the academic year. But, **a grace period can be received, if requested for these loans.**
5. Should an approved parent borrower apply for an additional Federal PLUS loan, the lender will repeat the initial credit check process, reviewing the borrower's credit history at that date. A borrower who is delinquent in making payments on the first loan will be denied the second loan.

I have read the above and understand the reasons for and ramifications of a Federal PLUS loan denial.

Parent Borrower's Signature

Date